

LIQUOR STORES INCOME FUND ANNOUNCES INCREASE IN CASH DISTRIBUTIONS

EDMONTON, February 7, 2007 - Liquor Stores Income Fund ("the Fund") announced today that it will increase its monthly distribution by \$0.0083 per unit from \$0.1167 to \$0.125 (or from \$1.40 to \$1.50 on an annualized basis), representing a 7.1 % increase. The increased distribution rate will be effective commencing with the distribution payable on April 13, 2007 to unitholders of record on March 30, 2007.

The increase in unitholder distributions results from the continued strong financial performance of the Fund's business. With this increase, distributions have increased from \$1.00 to \$1.50 since the beginning of 2005.

Irv Kipnes, CEO of the Fund, stated, "We are very pleased with the new stores we added to the Fund in 2006 and well positioned with both the capital and human resources to continue the acquisition and new store development program. We plan to continue to execute our growth strategy in both Alberta and British Columbia."

About Liquor Stores Income Fund

The Fund is a publicly traded Canadian Income Fund that participates in the retail liquor industry in Alberta and British Columbia through its 75.6 % interest in Liquor Stores Limited Partnership ("Liquor Stores LP"). Liquor Stores Income Fund is the largest liquor retailer in Alberta by number of stores and one of the two largest by revenue. The Fund currently operates 105 stores, 8 of which are in British Columbia. The Fund's Units trade on the Toronto Stock Exchange under the symbol LIQ.UN.

Additional information about Liquor Stores Income Fund is available at www.sedar.com and the Fund's website at www.liquorstoresincomefund.ca.

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FORWARD LOOKING STATEMENTS

This press release contains forward-looking statements. All statements other than statements of historical fact contained in this press release are forward-looking statements, including, without limitation, statements regarding the future financial position, cash distributions, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving the Fund or Liquor Stores LP. You can identify many of these statements by looking for words such as "believes", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof. These forward-looking statements include statements with respect to the amount and timing of the payment of the distributions of the Fund. There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere in this press release. There can be no assurance that such expectations will prove to be correct.

Some of the factors that could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include, but are not limited to, those discussed under "Risk Factors" in the Fund's Annual Information Form and other documents the Fund files with Canadian securities regulatory authorities, copies of which are available from the Fund directly, or its website, www.liquorstoresincomefund.ca, or on the SEDAR website at www.sedar.com.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this press release is made as of the date of this press release and the Fund assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law.